



ADVISOR

TEACHERS, EMPLOYEES, PUBLIC, STATE POLICE AND JUDICIAL



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Our Courts

Editorial: *The Birmingham News*

If justice is for sale in Alabama, the folks who are buying act like they're shopping at Neiman Marcus. Alabama justices, like a Prada handbag from the exclusive, Dallas-based luxury store chain, don't come cheap.

The Alabama chief justice election last year, thanks to an almost \$1 million spending spree in the week before the Nov. 7 election, was the most expensive judicial race in the nation and the second most expensive in U.S. history. The three candidates spent \$7.7 million, led by then-Chief Justice Drayton Nabers Jr.'s \$4.5 million. Democratic winner Sue Bell Cobb raised \$2.5 million, while Justice Tom Parker, who lost to Nabers in the Republican Primary, spent *just* \$700,000.

The price tag for all five Alabama Supreme Court races was \$12.4 million, tops among the 16 states with high court elections last year, according to Justice at Stake, a Washington, D.C., group that tracks the influence of money on judicial elections.

No wonder Cobb, addressing the annual meeting of the Public Affairs Research Council of Alabama last week, said, "The people of Alabama think the courts are for sale, and we don't want that."

About 70 percent of the buying power in last year's races came from political action committees, and their purchases were predictable. Contributions from insurance companies, banks, health-care providers and other businesses fueled the PACs that gave to most Republican court candidates. Plaintiff trial lawyers, gambling interests and the teachers union gave money to PACs that contributed to Democratic candidates.

Even if every justice on the court is completely impartial, the huge special-interest contributions convince many Alabamians the other side can't get a fair shake. Whatever the reality, that perception hurts our court system.

Cobb's solution is to have nonpartisan elections. She will push the Legislature to make judicial races free of party labels, and to subject sitting judges to periodic retention elections. While Cobb's idea is better than the current partisan free-for-alls, an even better one is to do away with judicial elections completely.

With such a system, known as merit selection, a judicial commission

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Corn Ethanol— A Bad Idea

By David G. Bronner

When oil prices were reaching record highs last year and corn prices were low, ethanol was making investors smile. Currently, 111 ethanol distilleries are in operation with 75 more under construction. Absent a rescue from Congress, the glut will become worse and push supply past demand.

President Bush also helped create an interest in ethanol when in his State of the Union address, he called for a large increase in the supply of "alternative fuels." While there is a place for ethanol, corn barely produces a 1 to 1 energy efficient conversion ratio. On the other hand, in Brazil, which is already a low-cost producer of ethanol, sugar cane can produce an 8 to 1 ratio. Corn ethanol helps companies like Archer Daniels Midland and Presidential "wannabes," who want to please Iowa farmers. In the meantime, corn prices, which make up 75% of the cost of corn ethanol, have doubled in the past six months to more than \$4 a bushel.

Corn ethanol has no chance to cure our addiction to foreign oil. The U.S. has approximately 4% of the world's oil resources, but consumes approximately 25% of the world's supply. Not only does corn ethanol take large quantities of water, energy and land to produce, which makes the environmental benefits dubious at best, it also increases the cost of feeding animals and ourselves.

America's Toughest Golf Courses



The March issue of *Golf Digest* has listed what the magazine considers the 50 most difficult courses in America.

Alabama's Robert Trent Jones Golf Trail was the only location to have more than one site! The RTJ Trail had three of its ten sites listed: Silver Lakes in Anniston/Gadsden, The Shoals in the Quad Cities, and Ross Bridge in Hoover.

Alabama Tax Rates Lowest in Nation

By Bob Lowry, *The Huntsville Times*

MONTGOMERY – State and local taxes in Alabama are the lowest in the nation, with governments in the state collecting 68 percent of the national average in tax revenue, a new study says.

The recent report by the Public Affairs Research Council of Alabama shows four Southern states would have collected more than \$2 billion more than Alabama, using their per capita tax rates, if their populations equaled Alabama's.

Even Mississippi, which ranked 49th in per capita tax revenue among all states, would have collected \$516 million more than Alabama.

The report by Samford University-based PARCA, a non-profit, non-partisan government think tank, was based on 2004 figures.

"Tax revenue gaps of this size with neighboring states inevitably affect the quality and the quantity of public services that can be delivered," it said.

Alabama's tax base in 2004 was just over \$29,000 per capita, which was 79 percent of the U.S. average. Arkansas, Mississippi and three other states had smaller tax bases, but all of them collected more tax revenue than Alabama.

The state's effective tax rate of 8 percent of taxable resources ranked 44th in the nation and was 86 percent of the U.S. average, said the PARCA report.

In the South, only Tennessee had a lower tax rate, but the Volunteer State has a larger tax base that enables it to produce more revenue even at a lower rate.

"Those are all phenomenal specific numbers and they are all new, but it's in line with what Arise has been saying," said Kimble Forrister, Alabama coordinator for Arise, an advocacy group for the poor.

The report said most states try for a balance between income, property and sales taxes for diversification and to protect against economic downturns in one sector. Alabama is the exception.

The state is 13 percent below the

U.S. average on the income tax, 57 percent below the U.S. average on the property tax and 18 percent above the U.S. average on the sales tax.

"The property tax burden in Alabama is lower than in any other state," it said. "Even if Alabama's total property tax collections were doubled, the economic burden of the tax on the Alabama economy would be lower than the national average."

Although Alabama made some progress in 2006 toward a fairer tax system, the PARCA report says higher income families still pay a smaller share of their income in state and local taxes than poor families.

Alabama is ranked only behind Tennessee as having the most overall regressive tax structure among 10 Southern states, according to the report.

For example, Alabama is one of only five states that fully applies the sales tax to food. Mississippi does the same, but its income tax provides large personal exemp-

tions that eliminate or reduce that tax for poor families.

The Alabama Legislature in 2006 took a step toward balancing the burden on the poor by raising the threshold at which two-parent families of four begin to pay income tax.

It was previously \$4,600—the lowest threshold among all of the 41 states that levy an income tax.

The 2006 act raises the threshold to \$12,500. Gov. Bob Riley says he will ask the Legislature in 2007 to raise it again to \$15,000, but that would still be the lowest among Southern states. Arkansas and Georgia are at \$15,900.

David Bronner, chief executive officer of the Retirement Systems of Alabama, says low taxes can often hurt the state's economy. "I've said many times that low taxes are good, but having the lowest taxes in the United States is dumb," he said. "It commits you to being in the cellar in many things and forces you to be creative in things you do."

"If you get the most out of your dollars, that's fine. But if you can't compete,

you either have to be creative or else you wither away."

Bronner said Alabama has been fortunate in that the automotive industry has taken off in the state in recent years and tourism has grown from a \$1.8 billion industry to \$9 billion on a shoestring budget.

"Certain levels of Alabamians need tax cuts—no doubt about it," he said. "But we also have to be careful about hurting education and the level of general services to the state."

Although he hasn't laid out the details, Riley has said he will propose in the 2007 legislature session a five-year plan to cut taxes for Alabama families earning up to \$100,000 annually.

"We're giving ridiculous tax breaks to those in the top 1 percent," said Forrister of Arise. "Giant corporations convince small businesses that giant corporations deserve a break in Alabama. Giant timber holders convince Alabama homeowners they are all in the same boat, and they aren't."

While Riley supports a tax cut over five years, Forrister said Arise backs a plan to remove the federal income tax deduction on Alabama's income tax.

"This is a huge deduction for wealthy people," he said. "Of about \$450 million, 80 percent of it goes to the top 20 percent."....

Our Courts

Continued from page one

would recommend to the governor a group of candidates based on their qualifications. The governor would appoint one to the bench. At the end of the term, voters would decide whether to retain or reject the judge.

A merit selection system, which most states have, would drain some of the politics and the vast majority of money from the way we choose judges. It would also counter the perception that Alabama's courts are for sale. Think of all the savings."



Poor Oral Health is Linked to Deadly Pancreatic Cancer

By Tara P. Pope, *Wall Street Journal*

In her article on poor oral health, Tara Pope makes the following points:

- In our quest for better health there's a key body part many of us are neglecting—the mouth.
- A new study found a surprising but powerful link between poor gum health and one of the deadliest diseases, pancreatic cancer.
- In a study of more than 51,000 male doctors, the men with a history of gum disease were at 64% higher risk for pancreatic cancer compared to those with healthy mouths.
- The study is the latest in a series of reports showing that the health of your mouth, teeth and gums may have a powerful impact on your overall health. Gum disease is linked with

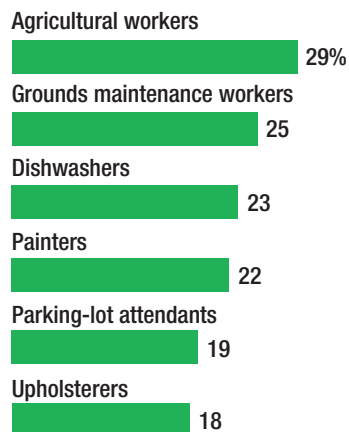
Gum disease is linked with heart disease, stroke, diabetes and pregnancy problems.

heart disease, stroke, diabetes and pregnancy problems.

- Nobody knows why gum disease may be linked with pancreatic cancer. It may be that chronic infection in the gums triggers inflammation throughout the body, which can fuel the growth of cancer. Or it may be that oral bacteria trigger a chemical process in the body that results in high levels of nitrosamines, cancer causing compounds that also are in tobacco smoke.
- The American Academy of Periodontology offers a tool to help you gauge your personal risk of gum disease at www.perio.org/consumer/4a.html.

Illegals

Illegal immigrants account for 5% of the U.S. work force, but represent a much higher share of workers in some industries.



Source: Pew Hispanic Center



WANT TO HELP?

A FREE Car Tag

Tired of that worn-out dealer tag on the front of your car? Would you like to help the RSA and our Alabama Tourist Department advertise "Alabama's Robert Trent Jones Golf Trail" on your front bumper? If so, call Tisha or Deborah to request a tag at (334) 242-5718, or 800-214-2158, ext. 1503, or write:

Tag
P.O. Box 302150
Montgomery, AL 36130-2150

The Promises Cities Have to Keep

Two reports by Moody's Investors Service show just how high retiree costs have become for big municipal employers. The health-care and pension payouts for retired police, teachers, and other workers are two of the fastest-growing expenses for cities, Moody says—and an increasing focus for the financial firms that analyze and invest in their debt. Only about 60% of the cities surveyed have the funds to cover 80% or more of their retiree obligations.

Retiree costs as a percentage of annual municipal operating funds:

DETROIT

18% (\$311 million annually)

TAMPA

17% (\$58 million annually)

ATLANTA

15% (\$69 million annually)

NEW YORK

8% (\$3.8 billion annually)

Data: Moody's Investors Service, *BusinessWeek*

ANNUAL REPORT AVAILABLE

Telephone – (334) 242-5718 or
800-214-2158, ext. 1503

Or Write* – RSA Annual Report
P.O. Box 302150
Montgomery, AL 36130-2150

*Include your Name/Address and Zip Code

ERS Board Seeks Candidates for Upcoming Election

Candidates are now being sought for the Elected Local Employee, Position No. 2 position for the ERS Board of Control. The position will be filled in a statewide election that will take place this June.

ELECTED LOCAL EMPLOYEE, POSITION NO. 2

The nominee must be an active member of the ERS by virtue of employment with a local agency (city, county, town, public or quasi-public agency).

This position is a four-year term beginning October 1, 2007, and ending September 30, 2011. Mrs. Ann Gant currently holds this position.

APPLICATION PROCESS

Nomination packets are available on our website at www.rsa.state.al.us or you may contact Deborah Kirk at 1-800-214-2158 extension 1573. The completed petition must be returned to the ERS office by 4:00 p.m. April 16, 2007.

What a Change



The March/April issue of *Golf for Women* features the Alabama RTJ Golf Trail. The feature is six full pages with numerous golf and hotel pictures.

The article's lead paragraph says it all, "One thing you need to know about Alabama: No matter how much you've read or heard about genteel Southerners and their predilection for hospitality, the friendliness of Alabamians will exceed your expectations. The

"yes, ma'ams" and "if you pleases" are as genuine as they are gracious. You will soon discover this if you decide, as I did, to play what is arguably the finest collection of public golf courses in America."

As the politician always says, "My fellow Alabamians....," let us continue to make every visitor to this great state sing the praises of Alabama for our sake as well as our children. If you would like to read the entire article, merely request it with the Annual Report, or check it out on our website www.rsa.state.al.us.

TRS Members Re-elect Mrs. Sarah Swindle

Mrs. Sarah Swindle has been re-elected in the Retired Position, No. 1 Runoff for the TRS Board of Control. Mrs. Swindle will begin a three-year term on July 1, 2007.



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Report — Street Lights that are Out — to the Power Company!
Report — Weedy Lots — to the Mayor!